

Message Text

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PAGE 01 SAN JO 02510 012140Z

67-R
ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 EB-11 INR-10 SP-03 PRS-01 L-03

RSC-01 DRC-01 /071 W
----- 100339

P R 011955Z JUL 74
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC PRIORITY 7425
INFO AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY CARACAS
AMEMBASSY GUATEMALA
AMEMBASSY GUAYAQUIL
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A
TAGS: ETRD, CS
SUBJECT: BANANA DEVELOPMENTS: SHUT DOWN

REF: SAN JOSE 2502 NOTAL

1. WEEKEND PRESS REPORTED THAT GOCR MADE OFFER OF 25 CENTS PER BOX EFFECTIVE TAX RATE TO FRUIT COMPANIES, WITH TAX TO INCREASE IF U.S MARKET CONDITIONS WARRANT. REPORTEDLY UNITED BRANDS RESPONDED THAT NO BASE RATE HIGHER THAN 15 CENTS WOULD BE ACCEPTABLE. PRESS REPORTS NO CHANGE IN STANDARD'S DECISION TO CLOSE DOWN RATHER THAN PAY TAX. STRIKE AGAINST UNITED IS NOW ENTERING ITS FOURTH WEEK WITH NO SOLUTION IN SIGHT. BOTH LA NACION AND LA REPUBLICA REPORTED HIGH GOCR OFFICIALS, INCLUDING ACTING PRESIDENT CASTILLO WERE INVOLVED IN A SERIES OF EMERGENCY MEETINGS SATURDAY AND SUNDAY.

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PAGE 02 SAN JO 02510 012140Z

2. COMMENT: THE ETNANA TAX FALLS DUE FOR PAYMENT

TODAY AND FOR THE FIRST TIME UNITED HAS TAKEN A PUBLIC POSITION
AGAINST IT. UP UNTIL NOW, OF COURSE, STANDARD HAS MAINTAINED
A HARD LINE POSITION AGAINST THE TAX (WHICH HAS BROUGHT THE
COMPANY MUCH ABUSE IN THE PRESS (WHILE UNITED HAS
APPEARED MORE FLEXIBLE. NOW UNITED SEEMS TO BE SAYING THAT IT IS
PREPARED TO STAND SHOULDER TO SHOULDER WITH STANDARD. (OF COURSE,
WITH THE STRIKE, UNITED IS NOT SHIPPING ANYWAYS.) CRISIS
ATMOSPHERE IS OBVIOUSLY GROWING, WITH NEXT FEW DAYS PARTICULARLY
IMPORTANT.
LANE

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Message Attributes

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TAGS: ETRD, CS, UNITED FRUIT, STANDARD FRUIT, (CASTILLO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005